



MICHIGAN NEW JOBS TRAINING PROGRAM

A Community College Initiative

Public Acts 359 and 360 of 2008 created the Michigan New Jobs Training Program (MNJTP). This program, designed as an economic development incentive, authorizes community colleges to create a training pool (financing mechanism is flexible, colleges can issue debt, borrow from reserves, or use a pay-as-you-go model) to support employers that are creating new jobs and/or expanding operations in Michigan. The training for the newly hired workers is paid by capturing the state income tax associated with the new employees' wages and redirecting it to the college, instead of the state.

These jobs must be "net new" to the company, meaning it's not a job of a recalled worker, a replacement job, or any other job that existed in the employer's business within the 1-year period preceding the date of an agreement. These new jobs must result in a net increase in employment in Michigan for the employer, and the wage paid for the job must be equal to or exceed 175% of the state minimum wage.

Benefits of Program

- Employers have "skin in the game", namely they have to **hire employees and create new jobs FIRST**, before getting the benefit of free training.
- Program **eliminates the skills gap**; the training delivered to the new employees is *exactly* what the employers require. Most of the training funded by the MNJTP is contract-based, company-specific training.
- Program allows plenty of **flexibility for the type of training** that is allowable, from basic-skills acquisition to high-tech skill development, to entire programs of study.
- This is a **local program** (individual community colleges work directly with employers and local economic development to support job creation), and there are no restrictions by industry or employer size.

Economic Impact Analysis Study (*Anderson Economic Group, 2013*):

- The MNJTP net economic impact on the State of Michigan in 2012 alone was over \$76 million of additional earnings and 2,266 additional jobs, and in the "steady state" will increase to \$143 million of additional earnings and 4,768 additional jobs annually for the State of Michigan.
- In 2012, the MNJTP generated an additional \$3.3 million of state and local tax revenue and will have little to no net fiscal impact in the steady state. Although \$2.9 million of Individual Income Tax revenue was diverted to reimburse colleges for job training expenses in 2012, this revenue loss was more than offset by additional state income tax (\$1.6 million), sales tax (\$1.7 million), and state and local property tax (2.8

MNJTP BY THE NUMBERS

Employers Served by the Program: 93

MNJTP Contracts to Date: 104

Number of Projected New Jobs Supported by Existing MNJTP Agreements: 12,425

Participating Community Colleges: 18

Note: MNJTP program data updated on 01.25.2015.

million). After the expiration of all existing contracts and as the program operates in a "steady state", the Anderson Economic Group estimates that at least \$12 million (but no more than \$13.3 million) of income tax will be captured annually. This revenue loss will be offset by an equal amount of additional income, sales, and property tax revenue generated by the MNJTP's economic activity.

Sample Industries Supported by the MNJTP: Motor Vehicles & Equipment Manufacturing; Engines & Turbines; Fabricated Rubber Products; Fabricated Metal Products; Plastics & Synthetics Manufacturing; Engineering & Architectural Services; Laboratory, Scientific & Research Instruments; Insurance; Health & Allied Services; Medical & Dental Instruments and Supplies; Data Processing Services Including Accounting, Auditing, and Bookkeeping; Electric Lighting & Wiring Equipment; Agricultural Services

Employers Served by the Program: ACAT Global; ADAC Automotive; ADCO Products, Inc.; AJT Forrest Products, L.P.; Anchor Coupling, Inc.; Autocam Corp; Besser Company; Bleistahl North America; Blissfield Manufacturing; Bradford Company; Brembo North America; Brighton NC Machine; Brittons Banner Inc.; Canal Street Brewing Co. LLC, dba Founders Brewing Company; Cargill Kitchen Solutions; Chagan US Research and Development Center; Cherry Republic; Central Lake Armor Express Inc.; Century Inc.; Commonwealth Associates Inc.; Cosma Casting; Denso International America; Dokka Fasteners; Dow Kokam LLC; Eaton Hydraulics; Eberspaecher North America; Eco Bio Plastics; Eissman Automotive; Electro Optics Technology; Elmer's Crane and Dozer Inc.; EMAG LLC; Farmers Group; General Motors (Lansing Delta Township, Lansing Grand River Assembly, and Flint Subsystems Manufacturing); Fogg Company; Force by Design; Grace Engineering; Great Lakes Industry of Jackson; Great Lakes Stainless Inc.; Hagerty Insurance Agency; Hanwha L & C; Haworth; Hayes Manufacturing Inc.; Hella Corporate Center USA Inc.; Hella Electronics Corporation; Hillsdale Community Health Center; HLC America Inc.; Janesville Acoustics; Johnson Controls SAFT; Kay Premium Marking Films; Life Ways of Jackson & Hillsdale; LGChem; Liquid Web; Mahindra North America Technical Center; Materne North America; Meritor Heavy Vehicle Systems; MFC Netform; Michigan Automotive Compressor Inc.; Moran Iron Works Inc.; NEMO Capital Partners; NYX, Inc.; Oxus America, Inc.; Plascon Inc; Pridgeon and Clay Inc.; Plymouth Technology; Post Foods; Rapid Fit; Senior Living; Shoreline Power Services; Skilled Manufacturing; Smooth Logistics; SMR Automotive Systems USA; Systems In Motion, LLC; Systems USA; Technique, Inc.; TentCraft Inc.; TG Fluid Systems; Total Quality Logistics LLC; Trans-Matic, Inc.; Trilogy Health Services LLC; Triumph Gear Systems-Macomb; TRMI Inc.; UIS SCADA; Unique Tool and Manufacturing; United Shore Financial Services; UIS SCADA; Ventower Industries; WABCO North America; Washers Inc.; Weber Automotive; and Weyerhaeuser.

Colleges with Signed MNJTP Agreements to Date: Alpena Community College; Bay de Noc Community College; Delta College; Grand Rapids Community College; Jackson College; Kellogg Community College; Kirtland Community College; Lansing Community College; Macomb Community College; Monroe County Community College; Montcalm Community College; Mott Community College; Muskegon Community College; Northwestern Michigan College; Oakland Community College; Schoolcraft College; St. Clair County Community College; Washtenaw Community College.

MCCA Position: The MCCA supports three legislative fixes to the enabling legislation: (1) adding clarifying language to ensure existing contracts are not impacted by the increase of the minimum wage; (2) eliminating the 2018 sunset; and (3) eliminating the \$50 million cap. Although the cap was instituted in an effort to minimize the exposure to the General Fund, it is important to note that as of December 2014, only \$12,252,328 in income tax withholdings have been diverted in support of ALL EXISTING MNJTP contracts. These contracts are providing the training for 12,425 projected new jobs in Michigan.



Close Michigan's skills gap with proven technique

The Detroit News 5:10 p.m. EDT October 2, 2014



(Photo: Mark Bialek, Special to the Detroit News)

State officials talk often about closing Michigan's skills gap. Roughly 80,000 jobs are available, but are unfilled because employers can't find qualified workers. Lawmakers should support the expansion of one state program that's getting good results in training workers for existing jobs.

The state Senate passed legislation Tuesday that would expand the successful Michigan New Jobs Training Program, which promotes job growth and provides skilled training to workers through local community colleges.

"The program has been very successful in promoting opportunities and connecting businesses and community colleges to meet the need for specific skilled training," said Sen. Mark Jansen, R-Gaines Township, in a statement. He is the bill's sponsor.

Jansen's legislation established the initiative in 2008, and this new bill would secure the future of the program — currently set to sunset in 2018 — and end arbitrary spending caps.

Sen. Phil Pavlov, R-St. Clair Township, chairs the Education Committee, which initially approved the bill. He believes the program is helping improve the lives of thousands of Michiganders.

The program lets community colleges create specialized training courses through flexible financing to support companies that are expanding job opportunities in Michigan.

It generated more than \$76 million in additional earnings and 2,266 new jobs in 2012, according to a report from the Anderson Economic Group, a research and consulting firm.

Under the program, the community college training is paid for by capturing the state income tax associated with the new employees' wages and redirecting it to the college, instead of to the state. These jobs are required to pay at least 175 percent of the state minimum wage.

"By definition, it eliminates the skills gap," says Mike Hansen, the president of the Michigan Community College Association.

Hansen estimates 15 community colleges have participated, training more than 6,800 employees for 83 companies. The number of new jobs supported by existing agreements is projected at nearly 12,000.

The current law set a \$50 million cap on the total outstanding obligation of all new jobs training agreements.

The updated legislation would remove the cap and clear the waiting list of additional programs.

Unlike most federal job training programs, which the General Accounting Office says waste \$16 billion a year, this state-run program could hardly be more efficient. Local businesses tell the community colleges the skills they need in workers, and the colleges craft specific training programs.

The House should approve this legislation. It is working to reduce the skills gap in Michigan, which will pave the way to better jobs and higher household incomes in the state.

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September 10, 2014

Greetings,

It is my pleasure to write this letter of support for the Michigan New Jobs Training Program. The DENSO MNJTP program began in March of 2011. Since that time DENSO has experienced significant growth and has added 170 new associates that are eligible for the training funds. The Michigan New Jobs Training funds have proved invaluable to our ability to support this growth with specific and targeted training for our new associates. The flexibility in the types of training that can be accessed allows the departments and groups to identify and remediate gaps in a wide range of skills areas.

I also want to take this opportunity to recognize Oakland Community College as DENSO's MNJTP administrator. They have been an excellent partner and OCC is surely one of the reasons that we have been able to implement a successful program with results that we are enjoying.

Sincerely,



Ann Weiss
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Matt Bulloch
President, TentCraft, Inc.
Traverse City, Michigan
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September 15, 2014

Senator Phil Pavlov
Senate Education Committee
905 Farnum Building
P.O. Box 30036
Lansing, MI 48909

Dear Senator Pavlov:

I would like to offer my sincere gratitude for the Michigan New Jobs Training Program (MNJTP) manufacturing training assistance that was received by my company, TentCraft, in 2014. I'd also like to speak in support of this program in the future. Broadly, both Northwest Michigan College (NMC) and the Michigan Manufacturing Technology Center - North (MMTC-North) have been fantastic training partners.

Here are some highlights:

- Lisa Rollins of NMC and Michelle Socha, the business liaison for Northwest Michigan Works!, identified TentCraft as a potential target for an award and basically spearheaded the process. The application process couldn't have been smoother. From start to finish, I think it only took us three weeks from when we heard about the program to when we knew that we'd been selected. I didn't encounter any red tape or bureaucracy.
- The onus was on our company to actually hire the new employees and develop the training plan before any money changed hands. So this program directly contributed to job creation. The program also allowed us to hire workers earlier than we would have otherwise hired, because we knew we had some support to get them up to speed.
- The program helped eliminate the skills gap – we were able to hire unemployed or under-employed workers and train them on EXACTLY what they needed to be successful at TentCraft.
- I loved that the program was locally "owned" and administrated. I didn't have to spend inordinate amounts of time meeting with people from far away or explaining exactly what we did or why we needed assistance.

Overall, I am a raving fan of the training incentives offered through the state. I'd also like to spotlight another training grant related to the MNJTP program. I do think it is important that the people referenced above, especially

Lisa and Michelle, have made the process so easy for us that they have handled all the details and looked under every rock for training programs (and monies!) to help us succeed.

Here are some results from the manufacturing training that has completely transformed our business.

- We sent nine employees through an onsite LEAN Bootcamp and all nine earned the Lean Champion Certification through NMC and MMTC-North. The lean curriculum is focused on the systematic identification and elimination of waste in all forms – process waste, material waste, time waste, etc.
- We have completely transformed our operation as a direct result of the lean manufacturing training we received:
 - We have hired over 20 people since we began receiving training assistance, which effectively doubles the size of our company.
 - Our yearly revenue is on track to increase by almost 90%.
 - A result of this growth is that we are taking massive market share from our competitors that manufacture in China or S. America. By improving our core processes, we are creating a more skilled workforce and new jobs.
 - Gross profit margins have improved by almost 5% - I credit the application of lean principles to our sales process as well as by the elimination of waste in our core production operation.
 - We track all mistakes and call them "AFOGS" (Another Freaking Opportunity for Growth). Afgs have decreased through measurement and on-the-spot corrections, which ultimately results in less waste, shorter lead times and happier customers.

That was a lot of bullet points! Can you tell that I'm thrilled with the support that we've received from the MNJTP and the Michigan Community College Association (MCCA) as we train our employees for future growth? Please let me know if you have any questions or require any clarification on the above.

Respectfully Submitted,



MATT BULLOCH

President | TentCraft

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September 12, 2014



To Whom It May Concern:

Re: Michigan New Jobs Training Program

Founders Brewing Company is proud to partner with GRCC for the MNJTP. Within this past year and a half, we have hired an additional 150 employees at a very rapid pace. As we look to our next expansion, we are slated to add at least another 50, mostly working in MI.

Training is critical to our company's success and to our culture. We have very specific training needs within our industry and a lot of our training is company – specific training ranging from basic skills training to higher level skills training.

Working with GRCC through this training program has proven to be flexible for our needs. Due to our fast pace growth that we have experienced and will continue to experience, our top priority is to hire key personnel at a rapid rate. Once hired, we want to continually train and educate our new workforce and the MNJTP has helped us accomplish this.

We are pleased with this program and we look forward to continue training our current and future work force.

Regards,

Michelle Stevenson
Human Resources
Founders Brewing Company
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September 16, 2014

To whom it may concern,

Johnson Controls Power Solutions is the global leader in lead-acid automotive batteries and advanced batteries for Start-Stop, hybrid and electric vehicles. Our 50 manufacturing, recycling and distribution centers supply more than one third of the world's lead-acid batteries to major automakers and aftermarket retailers. Through our innovations we are building the advanced battery industry for hybrid and electric vehicles. We were the first company in the world to produce lithium-ion batteries for mass-production hybrid vehicles. Our commitment to sustainability is evidenced by our world-class technology, manufacturing and recycling capabilities.

In late 2009 Johnson Controls started work on a Lithium Ion Battery manufacturing facility located in Holland Michigan. Early on, we were made aware of the Michigan New Jobs Training Grant. We applied and were grateful for the approval of \$1,047,690.00 dollars to better equip our employees as they learned the production methods for the Lithium Ion Battery.

We currently have 167 employees that are certified to use the Michigan New Jobs Training Grant. The grant has helped Johnson Controls as we developed local West Michigan talent to build and design the Lithium Ion Battery systems for a number of applications. We have also attracted employees from outside of Michigan, who now call West Michigan their home.

The grant has been mentioned in every new employee interview as a valuable benefit to working at the plant. This has been an incentive to many applicants who see the opportunities that are opened up to better themselves in their particular field of interest. The grant accommodates production employees to the highest level salary employee. We have found the grant to be a key in our success in training our employees.

The program is managed by Grand Rapids Community College. They have been very helpful in guiding us through the guidelines of the grant. They understand the West Michigan community and are always willing to come out to visit the plant to explain the program.

The Michigan New Jobs Training Grant is utilized almost every day and has helped the Johnson Controls Meadowbrook plant as we continue to develop and produce Lithium Ion Batteries. I believe this grant has been a key to our training and development success.

Please feel free to contact me if you have any questions.

Sincerely,

Doug Bartman

Human Resources Manager

Johnson Controls Power Solutions

September 12, 2014

Senator Phil Pavlov
Senate Education Committee
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Dear Senator Pavlov:

Samvardhana Motherson Reflectec (SMR) is a global leader in the production of exterior and interior mirrors, detection systems and related components for the automotive industry. SMR Automotive Systems USA, Inc. entered into a training agreement under the Michigan New Jobs Training Program with St. Clair County Community College in March of 2013, concurrent to a significant expansion of business in St. Clair County. The planned addition of hundreds of new positions was tied to the unique opportunity to train new employees through this innovative program. The ability of our company to work closely with our local community college meant we would have a responsive and relevant training plan to address any skill gaps that might be present in our workforce, while providing an opportunity for a competitive advantage through our highly trained team.

SMR USA is able to train new employees in a wide variety of applications through the Michigan New Jobs Training Program. Since entering the Michigan New Jobs Training Program, our employees have received training in some of the following areas:

- Injection Molding
- Blueprint reading and Geometric Dimensioning and Tolerancing
- Problem Solving
- 5S training (organizing a work space for efficiency and effectiveness)
- Safety and quality training, focusing on certifications in OSHA, PFMEA and ISO/TS
- Leadership skills
- Financial fundamentals
- Intermediate and Advanced Excel training

The broad choices for training under the program allow us to spread educational opportunities to new employees throughout the organization. We appreciate the flexible delivery systems for training, which allow for online personalized instruction to group trainings, both on and off our facilities. We have even purchased supplies, such as laptops and books, under the program to facilitate learning.

The flexibility of the program is exactly what is needed in the fast paced environment in which businesses like ours operate. Rapid response to elevate employee skills is an essential facet of this program. The MNJTP is a critical component in our expansion plan, and we fully support the continued operation of the program to keep Michigan based businesses like ours moving forward.

Sincerely,

A handwritten signature in black ink that reads "Michelle Costa". The signature is written in a cursive, flowing style.

Michelle Costa
Human Resources Director
SMR Automotive Systems USA, Inc.